GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:220
ANSWERED ON:13.08.2007
LOSSES IN POSTAL DEPARTMENT
Mahajan Smt. Sumitra

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Postal Department is running into losses for the last three years and out of its twenty postal services, sixteen are running in losses ;

(b) if so, the reasons therefor alongwith the details thereof during the last three years ;

(c) whether the Comptroller and Auditor General has pointed out many shortcomings in the working of Postal Department ;

(d) if so, the details thereof; and

(e) the steps taken by the Government to overcome the same ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Yes, Sir.

(b) The major reasons for the deficit are the pensionary liabilities and social obligations of the Department of Posts.The pensionary charges alone accounted for Rs.1424.66 crores, which formed 1/5th of the gross expenditure of the Department of Posts of Rs. 6779.12 crores for the year 2006-07. Unlike most of the Ministries/Departments of Government of India, the pensionary expenditure has to be borne by the Department of Posts itself resulting in huge deficit.

Besides the pensionary liabilities, most of the deficit arises due to the high level of subsidy borne on account of its large postal network, particularly in rural and tribal areas, in order to fulfil universal service obligations.The detail of postal services both in deficit and surplus for the last three years is given in the Annexure.

(c) No, Sir, not many. However we have received two paragraphs pertaining to Performance Audit contained in Report No. 1 and five paragraphs pertaining to transaction audit observations contained in Report No. 2 of 2007.These all are of routine nature.

(d) C&AG's Audit Report for the year ended March, 2006 has already been laid at the table of both the Houses on 14th May, 2007. The areas covered by C&AG of India in these reports relating to Department of Posts are listed below:

Performance Audit:-

(i) Mail Management

(ii) Management of cash in Post Offices

Transit Audit Observations:-

(i) Non-reduction of Income Tax at source

(ii) Short realization of postage charges

(iii) Irregular payment of interest on KVP

(iv) Irregular payment of interest on PPF

(v) Irregular payment of interest and commission on MIS.

(e) Remedial and preventive action suggested by the C&AG are implemented by the Department of Posts.